

**National Flood Insurance Program Management Letter for FEMA's FY 2002
Financial Statements**

In support of the Fiscal Year 2002 financial statement audit, KPMG LLP, an independent public accounting firm, performed compliance reviews of FEMA's National Flood Insurance Program (NFIP). These reviews encompassed two contractors and six Write Your Own (WYO) companies. The WYO companies sell and service flood insurance policies on behalf of FEMA. KPMG assessed the quality of controls over financial, underwriting, and claims activities of WYO companies participating in the NFIP. KPMG identified several internal control weaknesses and non-compliance with certain NFIP rules and regulations relating to the underwriting of flood insurance policies and the claims process. KPMG recommended that FEMA create an action plan to ensure that the WYO companies take corrective action and indicate when such action will be completed.